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ABSTRACT

This critique by staff of the Chancellor's Office of the California Community Colleges analyzes the findings and recommendations of a report submitted to the California Legislature in March 1980 after a 16-month investigation of state financial aid goals and policies. A synopsis of the report is provided first, summarizing findings in the areas of: (1) the history and role of financial aid; (2) the simplification of financial aid procedures; (3) program abuses; (4) aid to students at private colleges; (5) the optimization of equity among recipients; and (6) a proposal for a new state program to be created by the consolidation of existing programs. A critical analysis of this new program is then presented, along with an examination of the potential impact of the proposed methods of determining student eligibility and the dollar amount awarded per student. The report's 35 recommendations are then categorized in terms of areas of impact and the Chancellor's review group's concerns about 14 of the recommendations are presented. Finally, nine companion recommendations are submitted: encourage further investigation into the redistributive effects of the new program; assure its gradual implementation in face of the uncertainty about its impact; improve accessibility to disadvantaged students; and encourage further study of an alternative which would link state and federal programs. A summary of the report is appended. (JP)

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Staff Presentation: Ron Dyste, Administrator
Rod Tarrer, Specialist
Specially Funded Programs

Board of Governors of the
California Community Colleges

January 29-30, 1981
Item 3

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Board of Governors of the
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Title: Report of the Student Financial Aid Policy Study Group: A Staff Analysis

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Summary

1. In July 1978 the Committee of Conference on the Budget Bill directed the California Postsecondary Commission (CPEC) and the California Student Aid Commission (CSAC) to jointly appoint a Student Financial Aid Policy Study Group to review financial aid goals and policies and to report to the Legislature by December 30, 1979 (see Appendix A).

2. The Study Group was composed of thirteen members, two members each from CSAC and CPEC, and two students (in attendance at four-year institutions); in addition, one member each served from the Legislative Analyst Office, the University of California, the California State Universities and Colleges, K-12, independent four-year institutions, from private business, and the California Community Colleges Board of Governors (see Appendix B).

3. In March 1980 the Study Group submitted its report to the Legislature after meeting twelve times, issuing four drafts for public comment, conducting four public hearings throughout the state, and meeting two more times to prepare the final report. This work spanned some sixteen months. (See Appendix C for summary and overview of the Report.) Copies of the Report were sent to the Board at that time.

4. Staff finds the Report impressive and obviously important. Its six chapters, 117 pages, and eleven staff reports support 35 recommendations which would essentially consolidate the Cal Grant A and B programs under a new California grant structure, greatly increase the policy and research role of the Student Aid Commission, and identify and act upon new efforts to increase coordinated outreach activity for underrepresented students. Many of the recommendations are collateral to one or more of these three suggestions, and others affirm current or past policies and practices. (See Appendix D for summary of recommendations.)

5. It is anticipated that many of these recommendations will be incorporated into future legislation. Therefore, staff has, and will continue to, make known its concerns with implementation of certain aspects of the Report.

6. The Education Policy Committee requested that staff summarize and present to the Board its analysis of the Study Group Report. As legislation is developed, staff will continue to keep the Board updated on related developments.

Staff analysis of the Report begins with its basic structure. Organized into six chapters, the first two provide historical and descriptive perspective on federal and state financial aid, introduce basic ideas, including a glossary, and then some principle themes: the first is the Study Group's perception of the objective of state financial aid, which, "... should be to provide sufficient financial support so that, in combination with federal and institutional and parental and student effort, each qualified student who demonstrates financial need can afford to attend the postsecondary institution of his or her choice."

The second theme is complexity: "We recognize that recent expansion of student financial aid ... has, itself, resulted in a proliferation of programs and a complex system for delivering aid."

The third theme is economic restraint and the need for more efficient use of financial aid resources: "We are well aware that resources are limited and that competition for funds will intensify. Inflation affects all areas of financial aid ... given the serious fiscal problems facing the state ... requests for increased funding of these benefical programs clearly will not win easy approval. Efforts to increase the effectiveness of current expenditures are imperative." In Chapter 2, important additional note is made about the dearth of good data on financial aid. The Study Group recommends that information, based at minimum on an "Index of Indicators," be collected by the Student Aid Commission.

The third chapter provides the core of the Study Group's assessment of financial aid, which it sees in terms of four issue domains: simplicity, choice, integrity (i.e., control of abuse), and equity. This chapter alone accounts for 45% of the entire Report and produces nearly two-thirds of all of the recommendations. The argument from complexity -- having been opened in Chapter 2 with an account of the 122 sources of financial aid received by California's students, and the complications of the application process -- continues with the problem of program overlap and eligibility requirements. All this, argues the Study Group, creates confusion, induces access barriers, and by implication, might be wasteful. The situation demands simplication if financial aid is to be made easier to understand, if better efficiences are to be obtained, and if the barriers of complexity to access are to be removed.

The policy question of choice is essentially reduced by the Study Group to the financial support provided in the past to students who wish to attend the independent four-year institutions. Study Group recommends that this policy be continued because, as a CPEC study which is quoted concluded, independent institutions have made ..."many important contributions to postsecondary education ..." and, "serve important public purposes in the state." The Study Group adds its agreement to CPEC's finding that public financial aid support to students attending independent institutions has been successful in enabling qualified, needy students to choose these postsecondary opportunities. The Study Group also quotes the

Department of Finance's conclusion that such support is cost-ineffective in view of the alternative use of the funding in the public sector, and goes on to quote the independent sector's rebuttal. The question of economic efficiency is left unresolved The Study Group adds that continued support of past policies on choice is also justified because, "To cease such support at this time would cause significant financial problems for these institutions."

The Study Group's discussion of program integrity is confined primarily to areas of real and potential abuse or error in the federal programs by government and institutions, as well as by students. The Study Group recommends common standards for documentation and verification, and continued adherence to the state's definition of "independent student" which it regards as stricter than the federal definition.

The Study Group's consideration of equity takes the longest portion of the chapter (and of the Report -- the subject by itself takes up one-fourth of the whole text). After defining equity as the equal and fair treatment of people similarly situated, the Study Group reckons with the operationalization of equity in terms of 15 issues, ranging from student expense budgets to self-help, middle income students, merit, older students, and several restrictions which it would remove: the Cal Grant deadlines; and the Cal Grant B 16 unit and 51% requirements, and its supplemental questionnaire. The discussion of equity produces 22 recommendations.

Chapter 3 essentially establishes the foundation for what follows: Chapter 4 discusses the role of the partners in financial aid, recommends new institutional eligibility requirements for participating in Cal Grant programs, and discusses managerial responsibilities at the state and segmental levels; Chapter 5 proposes a new Cal Grant program funded initially by consolidating Cal Grants A and B.

The operation of the new program, in the summary words of the Study Group, would be as follows: "Once admitted as an undergraduate to an eligible institution, any student would be eligible if he or she were enrolled at least half-time, had demonstrated need at that institution, had applied within the time period established by the Student Aid Commission, and met criteria established to demonstrate academic potential. The size of the award would be based upon the allowable cost of education, from which would be subtracted student/ parent resources, an initial self-help amount, and the estimated federal Basic Grant amount. The remaining amount would be reduced by a certain percentage, which would ensure a 'gap' or 'corridor' of unmet need to be filled through additional self-help and/or institutionally administered funds."

Clearly, this proposal bears a strong resemblance to an "entitlement" program, such as BEOG, except that eligibility includes -- in addition to unit load, financial need, and undergraduate requirements --the criteria of "academic potential," which operationally means a cut-off grade point average in high school. Grade point average is excluded for students out of school for five or more years, and for students not attaining the cut-off, it would be possible after a year of academic progress (as defined by the institution of attendance) to reestablish eligibility.

In Chapter 6 the Study Group considers equal educational opportunity, which it essentially regards as a problem of the lower eligibility rates for selective institutions at high school graduation among underrepresented students. The Study Group calls for better coordination of outreach programs beginning with a task force as a remedy. This chapter also raises questions about the effectiveness of past approaches to recruitment and retention, and about the efficacy of the community college transfer mission.

A number of other important issues are raised throughout the Report -- about the private vocational sector, aggregate need for financial aid, relation of federal needs analysis to the Uniform Methodology, and others -- but these are generally made subordinate to the central argument for simplicity, choice, integrity, and equity in the form of a new Cal Grant program.

The New Cal Grant Proposal

Background

Staff review of working documents, minutes, and memoranda developed by the Study Group indicates that early consideration was given to developing two new program structures -- one emphasizing access, the other choice -- but that this approach was dropped in the interest of a simple, unified structure. Thereafter, the Study Group's consideration of program structure concentrated on two general approaches:

1. Consolidation of Cal Grant A and B.

    a. In one version of consolidation, consideration was given to recommending minor changes in eligibility with simulations testing a variety of ranking mechanisms for award distribution.

    b. In the version of consolidation eventually recommended, major structural revisions in Cal Grant A and B would be made in eligibility and award policies.

2. Link state aid delivery to the federal BEOG program by tying the awarded amounts of state aid to a percent of BEOG awards, or by utilizing a separate state schedule of payments.

The first consolidation approach was rejected by the Study Group after its consideration suggested that it did not satisfy the Study Group's criteria for a new structure as well as the second approach did. The second consolidation approach was then adopted by the Study Group as its major structural recommendation, and has consequently been the most heavily simulated.

In Chapter 5 the Study Group's Report outlines the new Cal Grant proposal. According to the Study Group, it merits support because it satisfies the following seven criteria for a new state aid program:

1. The program should be a simplification and consolidation of the current system.

2. The program should increase equitable treatment of students.

3. The program should provide for sensitive analysis of student and parent resources and accurate allowances for the cost of education.

4. The program should encourage students and their parents to make their maximum feasible contribution to meet the cost of attendance and thus minimize cost to taxpayers.

5. The program should bear a clear and complimentary relationship to federal student aid programs, thus ensuring the most effective utilization of federal and state funds.

6. The availability and ground rules of the program should be stable and comprehensive. Student eligibility should be determined on the basis of explicit policy standards, and funding should be available to all students who achieve eligibility under those standards.

7. The program should provide a sensible means for annual legislative review of fundamental student aid policies and the amount needed to support the new program.

While introducing the new structure, the Study Group states its objectives for the proposal: First, to simplify and consolidate the present system; second, to promote predictability and stability; and third, to contain costs through a structure having reasonable fiscal limits.

These criteria and objectives follow sensibly and logically from the Study Group's assessment of complexity in financial aid, of the need to improve effectiveness in delivering state aid at a time of financial constraint, and of the desire to preserve choice, and to improve equity.

The Proposal

The proposal is remarkably simple: Cal Grant A and B are to be consolidated, and Cal Grant C should follow after studies required by AB 576 are completed. Eligibility for the new program would consist of:

- Undergraduate enrollment in six units or more at an eligible institution (i.e., one participating in federal self-help programs).

- Meeting current state criteria for independent students if the applicant is self-supporting.

- Achieving a minimum "cut-off" grade point average in high school. For applicants out of school for more than five years, the cut-off would not apply. And, if feasible in terms of cost, students not achieving the cut-off at high school graduation could reestablish eligibility after one full year of satisfactory academic progress as determined by the postsecondary institution of attendance.

- o Applying within an extended deadline filing period (eventually March 1).

All students meeting these eligibility standards would receive an award. The amount of the award would be determined by:

- o First establishing coordinated student budgets for each applicant which would include tuition and subsistence costs.

- o From these budgets then subtracting: student and parent contributions (as determined by needs analysis); student self-help as determined by the Student Aid Commission; and the estimated federal BEOG amount.

- o The resulting "unmet need" would be partially funded with state aid up to a certain maximum grant level, leaving a gap or corridor of remaining need to be met in other ways.

No criterion on the portion to be met is recommended, but the Study Group suggests that it might be a percentage of the unmet need, or it might be a percentage of the student budget subtracted from the unmet need; in any case, the Study Group calls for further study on these and other options.

Control on program costs would depend upon annual review of recommendations from the Student Aid Commission by CPEC and Department of Finance, and the Legislative process. There are five control variables:

(1) The GPA cut-off
(2) The level of self-help
(3) Allowable student budgets
(4) Percentage reduction of unmet need
(5) Maximum grant amounts

The Study Group does not weigh the control potential of these variables but it is important to note that only three are subject to enough flexibility to allow for basic changes: the GPA cut-off, the percentage reduction of unmet need, and the maximum grant amount. Of these, the latter is not significant unless it were set well below current levels. While adjustments can be made to self-help and student budgets, there would appear to be limits on any substantial changes because of current and past expectations on both, and because of the probable response from segments were substantial changes in either proposed. All this is important to note because once needed adjustments in self-help and student budgets are achieved, the basic internal program control mechanisms could become the GPA cut-off and the percentage reduction of unmet need.

SUMMARY OF CHANCELLOR'S OFFICE ANALYSIS AND CONCERNS

In producing its recommendations, the Study Group was sensitive to modern economic uncertainties, fiscal constraints on the state treasury, and public demand for more efficient government services. In this context, the Study Group urged the need to simplify financial aid, especially in state programs, to preserve student choice, to maintain efforts to limit abuses of financial aid, and to achieve better equity in determining student eligibility and aid distribution. In comparison to current grant programs, the proposed new grant structure would, according to the Study Group, facilitate the attainment of these goals and would be so designed that it would enhance the supplemental role of state aid, provide for durable stability in operations, and serve minorities and low income students at least as well as existing programs.

Overall, staff finds that eight of the recommendations directly affect the role of the Student Aid Commission; that nine affect policies governing procedure or eligibility; that five would continue existing policies; that three are related to student affirmative action; three more are related uniquely to the new Cal Grant proposal; and that the remaining seven are related to improved management or other matters.

Staff finds that the report reveals an important weakness in state aid policy formation which is worthy of special note. The report contains 14 recommendations related to improved research or to further studies, including the major recommendation on a new policy role for the Student Aid Commission, indicating the enormous need for better information and data on financial aid to inform policy guidance. While California's commitment to financial aid exceeds that of other states, it is marred only by the remarkable irony that it is difficult to fully appreciate the impact of that commitment because of information gaps.

Staff finds that of the Study Group's 35 recommendations, 21 merit broad unqualified support, and that the remaining 14 should be endorsed in principle and with qualifications. Of greatest concern to staff is the preservation and enlargement of the state's present commitment to equality of opportunity in state aid policy, a commitment which could be narrowed by the new Cal Grant proposal if it were implemented without appropriate control features on, for example, the level of qualifying grade point average, and the size of the maximum grants. Although staff finds that the new Cal Grant proposal can be endorsed in principle because it is broadly consistent with the Student Group's "seven criteria" for improving the delivery of state aid, staff also finds that an alternative delivery mechanism tied to Pell (SEOG) Grants seems to meet these criteria even better than the proposed Cal Grant, and thus staff strongly supports the recommendation that this alternative receive further study. Staff also finds that the Report contains a number of implications for community colleges: for example, it raises questions about the efficacy of the transfer mission; it omits substantive recommendations on the problem of equity for low income students although considerable discussion is devoted to the distribution of aid funds by income; it endorses effort to work on the aid needs of older adults, but makes no separate recommendation in the summary; it raises doubts about the continued effectiveness

of special programs (such as EOPS) but omits any substantial support for its claims; and staff believes that several of the recommendations, if implemented, would tend to increase student demand for EOPS grant funds.

Overall, staff is impressed with the effort, thought, and timeliness of the Study Group's work. It demonstrates considerable, and in numerous ways profoundly important attention to a most difficult subject matter. In this, the Study Group exercised great intelligence and patience, and, thus, deserves the gratitude and commendation of all of California's citizens.

Nonetheless, staff finds the Study Group's overriding recommendation -- for a new Cal Grant program created out of the initial consolidation of the current Cal Grant A and B programs -- to also be of overridingly great concern. It is because this proposal for a more simplified Cal Grant program involves complicated questions of equal opportunity and technical impact that staff has arrived at the following conclusions and companion recommendations:

A. IMPACT UNCERTAINTY

The simulation pool is limited and may be unrepresentative. It does not provide firm enough information about the projected impact of the Cal Grant proposal, particularly on low income and minority students, and by segments. Additional options should be simulated.

1. Recommend: Simulations on the BEOG applicant pool for California.

2. Recommend: That simulations include cross-tabulations of income groups and ethnicity by the segments.

3. Recommend: That the level of analysis on key simulations go beyond simple percent distributions to include "percent change" and "equity ratio" computations, as illustrated in the foregoing analysis.

B. EQUALITY OF OPPORTUNITY

Present state commitments to equal opportunity for access on behalf of disadvantaged students could be threatened if GPA cut-offs are set above 2.0. To preserve access for disadvantaged students:

4. Recommend: That enabling legislation set GPA cut-off at 2.0.

5. Recommend: That enabling legislation contain a three-year sunset provision and require evaluation by CPEC on the results of the new program, particularly in terms of its impact on disadvantaged students and on access objectives.

C. RAPID DISLOCATION

Uncertainty on the redistributive effects of the Cal Grant proposal necessitates that assurance is provided that implementation will be gradual.

6. Recommend: That enabling legislation implement "hold-harmless" provisions that contain possible tendencies to dramatic shifts in aid by segments and, in addition, by income groups.

7. Recommend: That enabling legislation provide protective features that inhibit inequitable shifts in aid dollars between segments.

8. Recommend: That additional simulations be performed utilizing maximum grant variation at $3,300, $2,800 and $2,500 (or other maximum grant levels) in order to study the redistributive effects, and that maximum grant be set at a level that assists in minimizing undue shifts in aggregate aid distributions by segment and income group.

D. PELL (BEOG) ALTERNATIVE

The Higher Education Amendments of 1980 are now law and appear to address many of the concerns raised by the Policy Study Group in its discussion of delivering state aid in conjunction with BEOG.

9. Recommend: That the Study Group's recommendation for further study of the BEOG alternative be given high priority because it may well better meet the Study Group's objectives for simplicity, access, integrity, and, with appropriate conditions, choice, than the current Cal Grant proposal.

APPENDIX A

LEGISLATIVE CHARGE

LEGISLATIVE CHARGE

The Supplemental Report of the Committee of Conference on the Budget Bill, July 3, 1978, Item 321.1 stated:

> "The California Student Aid Commission and the California Postsecondary Education Commission shall jointly appoint a student financial aid policy study group to review student financial aid policies and goals and report to the Legislature no later than December 30, 1979, and that the study include, but not be limited to four major issues: (1) how best to fulfill the purposes of student financial aid?, (2) what is the appropriate level of funding methods of distribution for student aid?, (3) what are the responsibilities of the different funding agencies; specifically federal, state, institutional, and private?, and (4) how can the federal, state, institutional, private organization and student partnership best be implemented in the State of California?"

APPENDIX B

STUDENT FINANCIAL AID POLICY
STUDY GROUP MEMBERSHIP

STUDENT FINANCIAL AND POLICY STUDY GROUP

Officers

Stephen Weiner	Chairperson
Harold Geiogue	Vice Chairperson

Members

Irma Gruen
Member, California Student Aid Commission

Arthur Marmaduke
Director, California Student Aid Commission

Agnes Robinson
Chairperson, California Postsecondary Education Commission

Patrick Callan
Director, California Postsecondary Education Commission

Harold Geiogue
Principal Program Analyst, Office of the Legislative Analyst

Thomas Dutton
Vice Chancellor for Student Affairs, University of California, Davis

Robert Bess
Vice President in Charge, California State University, Fresno

Stephen Weiner
President, Board of Governors, California Community Colleges

Morgan Odell
Executive Director, Association of Independent California Colleges and Universities

Gene Golliet
San Diego Auto Body Institute

JoElla Julien
High School Counselor, California Personnel and Guidance Association

David Shontz
Co-Director, University of California Student Lobby

Timothy Walker
University of Southern California

APPENDIX C

SUMMARY AND OVERVIEW OF FINAL REPORT

SUMMARY AND OVERVIEW

California has exercised noteworthy leadership through its massive and continuing public support of elementary, secondary, and postsecondary education. State educational policy has emphasized both academic excellence and equality of opportunity. As part of this overall strategy, California has provided an expanding amount of direct financial assistance to students in postsecondary education for the past quarter of a century. The maintenance of low student fees in public colleges and universities and the provision of direct aid to students in both public and private institutions have combined to ensure that students with motivation and potential have access to postsecondary education; to enable students to exercise a measure of choice among postsecondary institutions; and to assist students in completing postsecondary education once they have begun.

These policies have served the state well. As had been hoped, California has benefitted both materially and intellectually from postsecondary education, and a significant degree of fairness characterizes the distribution of opportunity among students.

New conditions and trends require that state policy concerning student financial aid be re-examined:

- Much of the public feels strongly that government should spend tax dollars effectively and efficiently and that tax burdens should be minimized.

- In the past decade the federal government has assumed a major responsibility for student financial aid (the federal government will supply almost 60 percent of the $1.5 billion invested in student aid in California during this fiscal year). The federal role necessarily raises questions about the necessity and appropriateness of separate state student financial aid programs.

- After a period of rapid increase, enrollment in postsecondary education has reached a plateau, and a significant decrease in enrollment is expected during the next decade, largely because of a decline in the number of people age nineteen through twenty-four. This trend raises questions about the proper amount of spending for financial aid and the wisdom of helping to meet students costs in private institutions at a time when both buildings and staff in public institutions will not be fully utilized.

- The character of the student population is changing. Many students are now over twenty-five years of age and a growing proportion attend school on a part-time basis. Are the financial needs of such "nontraditional" students being properly met? Further, an ever larger proportion of high school students are members of minority and low-income groups whose rate of college-going has been lower than for nonminority students. Can financial aid be used more effectively to remedy such underrepresentation in postsecondary education, and are other forms of assistance and encouragement needed for students who might consider going to college?

- As with every other large program of assistance to individuals, some individuals receiving grants may not be entitled to help, and some students who receive loans may not be making a responsible effort to repay such loans.

The rationale for the various existing aid programs reflect a diversity of objectives. Aid has been provided in order to reward meritorious students, to assist needy students, to expand student choice, to reward past contributions to society (as in the case of assistance to veterans), to help ensure the survival of colleges, to help meet the demand for skilled personnel, to remedy past injustice, and to address broader political objectives (such as financial relief for middle-income families). Neither this report, nor any other, can fully harmonize all of these objectives, especially at a time of growing sentiment for limiting the role of government. A sense of priorities is clearly needed, but we must also recognize that a keen sense of priorities will offend those who do not share the same values.

The major objective of student aid should be to provide sufficient financial support so that, in combination with parental and student effort, each qualified student who demonstrates need can afford to attend the postsecondary institution of his or her choice. The key elements in this goal of "reasonable access" are demonstrated financial need, parental and student effort, and support of student choice among institutions for which a student qualifies.

HOW MUCH AID IS ENOUGH?

The size of student financial aid programs has grown dramatically in recent years. In the last decade the budgets for the major state aid programs in California have expanded from $8.4 million to $96.1 million. More important, the major federal programs that cost $585 million in 1970 have combined expenditure of $4.8 billion in 1979. Since postsecondary enrollments have stabilized in the last few years, it is essential to ask, How much aid is enough? Not surprisingly, the answer to that question depends upon the revenues available to California's state government and upon the competing claims for those funds.

We suggest the following criteria to measure the adequacy of current aid programs:

- The portion of applicants who are eligible for student aid that receive such assistance. The number of eligible applicants exceeds the funds available for each of the major state aid programs. However, no conclusion as to adequacy of aid, based upon this criterion, should be reached until follow-up surveys have determined alternative sources of aid (federal, institutional, private) available to nonfunded eligible applicants.

- The mix of grant, work, and loan in student aid packages. Demonstrated financial need to pay the costs of college attendance should not be met solely through grants. Students should be encouraged to earn their way, and loans may be appropriate where grants and student earnings are not sufficient. The proportion of grant funds in student aid packages has risen appreciably in the last decade. Whether grants (or loans or work) now play too large a role cannot be determined until better data indicate how the mix of grant, work, and loan in student packages effects student persistence in completing postsecondary education.

- The proportion of students from various socioeconomic backgrounds in each segment of postsecondary education. Financial aid is one policy instrument available to assist low-income, high-potential students to attend the more selective institutions. Current aid programs appear to be succeeding in this respect. More effort is required however, to enlarge the number of low-income students who are eligible to attend selective institutions. (See later section on "Equal Educational Opportunity.")

- Utilization rates of existing programs. Some aid programs provide an allocation of dollars for use by each campus. Where such an allocation is not fully used, such funds may not be needed by students. However, restrictions on the use of the funds and management difficulties must be examined before judgments about the adequacy of funds can be reached.

- Aggregate Need. The Legislature has charged the Student Aid Commission with responsibility to assess the "aggregate" need for student aid. Such an assessment is complicated by the fact that many "needy" individuals do not apply for aid and thus their needs remain largely unknown.

Any answer to the question "How much aid is enough?" must weigh each of the five foregoing factors. To be useful for state decisions, the answer should be expressed in terms of the limits placed upon a consolidated and simplified state student aid program (see later section on "A New Cal Grant Program") rather than in terms of a global assertion that there is either "too much" or "too little" aid.

To assist in policy decisions at the state level it is essential that the Student Aid Commission study the overall adequacy of student aid resources according to criteria outlined above. Most important, the Student Aid Commission should regularly collect data on the size and composition of student aid packages and their relation to student enrollment and retention.

PROGRAM POLICY ISSUES

Simplicity

The aims of broad public understanding of state aid programs, minimization of administrative difficulties, and assurance that needy students are not denied funds because of inconsistency in the rules of various aid programs all argue for simplicity in the design of state student aid funds. We recommend a reversal of the trend toward the creation of narrowly targeted student aid programs.

In addition to the standard application form for student aid (which describes the student and family financial situation), the Student Aid Commission utilizes supplemental questionnaires to determine eligibility for grants under Cal Grants B and C. These questionnaires seek to assess "disadvantagedness" in the case of Cal Grant B and "occupational achievement or aptitude" in the case of Cal Grant C.

Full implementation of a single, common form will not be possible as long as these supplemental forms are required. Further, these forms are of dubious value in terms of their stated objectives. We are satisfied that California's commitment to disadvantaged students can be well fulfilled through aid programs that respond to financial need. Therefore, we recommend elimination of the supplemental questionnaires now used in conjunction with Cal Grants B and C.

Choice

The state should continue its policy of helping needy students meet the costs of attendance at private institutions.

Since their inception, California state financial aid programs have played an important role in helping students meet both tuition and subsistence costs at independent institutions. Declining enrollment in some public colleges does not provide a persuasive rationale to reverse this policy. The question as to whether independent institutions offer a higher-quality education on the average, at less public expense (where students at independent institutions receive state aid rather than attending a state institution) is arguable. Some students, however, clearly prefer the distinctive educational experience offered by many independent colleges. The enthusiasm of current students and the support given independent colleges by their alumni is strong testimony on this point. Beyond the choice offered to students, independent colleges also make important contributions to the cultural and intellectual life of the state, and several independent universities in California are among the most distinguished research centers in the nation. It is reasonable to provide, through the vehicle of student choice, modest state support to institutions that are primarily sustained by the private sector. The total state expenditure on tuition-sensitive aid programs in 1978-79 is less than 3 percent of the state general fund support for postsecondary education.

We do not believe that state student aid policy should be geared to ensure the survival of every independent college. But where students choose independent colleges on the basis of quality, the state should be prepared to assist them, with the understanding that parents and students will be expected to make (as they do now) a greater financial effort than they would have, had a public institution been chosen.

A significant portion of private postsecondary education in California is provided by private vocational schools. The programs offered by such schools are not at the baccalaureate level nor are they strictly comparable to the two-year associate degree offered by community colleges. State student aid programs now provide only a small amount of assistance to students who choose private vocational schools (approximately 1,000 students in these schools now receive support through the Student Aid Commission). The vast majority of public aid for students in the private vocational sector comes from federal sources.

We support vocational education and recognize its valuable contribution. Unique problems result, however, from the fact that vocational education is the concern of several areas of government other than postsecondary education. The California Department of Employment Development is appropriately involved in programs to provide vocational training for needy and disabled persons, as is the California Department of Rehabilitation. The state Department of Education offers vocational training through adult education, and since the inception of the Occupational Education Training Grant program (now Cal Grant C), the Student Aid Commission has a role. Distinctions are admittedly blurred; the community colleges offer vocational training within the academic environment, for example.

Coordination and planning efforts are necessary to provide more effective state policy in regard to vocational training. Applications for Cal Grant C are increasing, and legislative proposals to increase the program have been introduced. However, the Legislature has already directed that additional study be undertaken to determine the most effective use of public funds to increase the employability of those people who wish additional training but choose not to pursue a baccalaureate degree. AB 576 (Chapter 1011, 1979) requires the director of the California Department of Employment Development to convene a task group to determine how existing youth employment and vocational education funds can be better allocated to the most effective programs. These recommendations are to be submitted to the Legislature by December 1, 1980. Since Cal Grant C is one of the several state sources available for vocational training, we recommend that decisions concerning the size and nature of the Cal Grant C program be deferred until the mandate of AB 576 is fulfilled.

Program Integrity

Safeguards must be maintained against granting aid where students do not qualify. The primary element in such safeguards is a competent, properly staffed financial aid office at each participating institution.

Student aid funds seem to be misspent more through error, because of the complexity of the system, than because of fraud or cheating. Information provided by students and parents is one source of error in the determination of financial aid packages. We recommend that the Student Aid Commission, in a formal consultative process with the segments, adopt guidelines for documentation and verfication of information submitted in student aid applications.

Financial aid programs distinguish between students who are still financially dependent upon their families (thus, family resources are taken into account in determining need) and "independent" students (family resources are not available to the student and hence are not taken into account in determining student need). Such a distinction is essential to avoid unnecessary expenditures of public funds. The state standard for establishing student "independence" is currently stricter than the federal standard. Agreement between the federal and state standards would be desirable. We remain concerned, however, that the federal standard is too lenient and thus subject to abuse. We recommend that the state standard be maintained and that the Student Aid Commission undertake research on the probable fiscal impact of a relaxation in that standard.

Equity

Public resources are insufficient to pay the tuition and subsistence costs of all those students who wish to attend a postsecondary institution. Therefore funds must be rationed. The means chosen to ration student aid have an enormous impact on both the effectiveness and the fairness of the student aid system. Equity is achieved when similar students in similar situations are treated fairly and equally. In turn, the fairness of student aid is determined by policy decisions that specify who is eligible to receive assistance and how aid is distributed among eligible applicants.

After a lengthy period of use, a national "Uniform Methodology" has been developed to assess the ability of a student and his or her family to contribute to the cost of a college education. While this methodology requires continuing refinement (as, for example, in its treatment of effects of inflation upon home equity), state policy should rely upon the established Uniform Methodology in assessing the need of an individual applicant for student aid.

The cost of education (student budget) used in establishing student eligibility for aid has a direct impact on the cost of student aid and the equity with which such aid is provided to students at different institutions. The cost of education is established by adding institutional tuition and fees to subsistence costs (necessary student expenditures for housing, food, transportation, books, supplies, and other needs). In turn, individual student need for aid is established by subtracting expected parental and student contribution (as computed by Uniform Methodology) from the cost of education (student budget) at the institution where the student enrolls.

Student subsistence budgets properly vary from campus to campus, largely because of local differences in the costs of housing and transportation. However, the seeming variation in student budgets far exceeds that which might be expected on the basis of local market factors. These variations in student budgets are especially noteworthy in the independent colleges and the private vocational institutions and they suggest several problems. First, some students may be expected to live at a very low standard of living while other students may be supported at too high a level. Or subsistence budgets may be kept low to maximize the portion of limited student aid resources directed to tuition payment. Second, student budgets may be subjected to manipulation in an attempt to attract students to a given school on the basis of excessive student aid. (As the competition for students becomes more vigorous in the next decade, the latter problem could well become more prevalent.)

One reason for the variation may lie in the adequacy of student financial aid offices on each campus and their ability to collect in a systematic manner data concerning the costs faced by their students. Therefore, we recommend that the Student Aid Commission (1) continue active support of voluntary efforts to bring consistency to student budgets at various postsecondary institutions; (2) in a formal consultative process with the segments, work toward a common methodology to establish budgets; (3) review student budgets at each postsecondary institution in California and report such budgets annually to the Legislature with comments relating to equity and consistency.

Parents and students should be expected to meet the costs of college to the limit of their abilities. Students should normally be expected to contribute significantly from their own earnings toward college expenses.

The continued willingness of the taxpayers to help pay the costs of college for needy students should be conditioned upon the willingness of parents and students to contribute to the maximum extent possible. If students are not willing to work to meet their own expenses, there is no compelling reason for others to pay for them. Grants should not normally meet the full costs of an individual student, thereby leaving a gap to be filled with reasonable self-help. There are exceptional cases, as for example, where work is not available, where students are physically unable to work or where the need for remedial courses or the demands of child care make it impossible for a student to earn needed funds. Campus aid officers should have the discretion to exempt students from self-help requirements in such circumstances.

Self-help policies are determined by the institutions. These policies are administered in two ways. First, most institutions publicize an amount that a student is expected to contribute from summer savings or part-time work during the year. Second, some institutions further control the relative portions of grant, work, and loan within the aid package. The initial publicized expectations should be uniform statewide for aid packages that include state aid funds (to promote public understanding of self-help), and the amounts should be determined by the Student Aid Commission in a formal, consultative process with the segments. These amounts should vary by category of student (single, married, at home with parents, single parent, and so forth), income background, and other considerations. The relative portions of grant, work, and loan within the aid package should not be uniform, since these amounts reflect necessary institutional discretion and are restrained by a complex packaging system. The Student Aid Commission should review institutional self-help policies and report them annually to the Legislature with comments relating to equity and consistency among institutions.

Merit

Recipients of student aid are affected by three forms of merit standards:

- Students attending four-year colleges or private institutions must satisfy admissions standards, or no aid is received.
- Once enrolled, satisfactory academic progress is required of all recipients, or aid is cancelled.
- In Student Aid Commission programs, some measure of previous school achievement is required in the application process and is used as a ranking device. The minimum grade point average varies each year with the size of appropriations, and the number, financial need, and academic qualifications of applicants.

The federal Education Amendments of 1976 require satisfactory academic progress (as defined by each institution) of each recipient of federal aid. We recommend that recipients of state aid be expected to meet the same institutional standards, and that this be administered by the campuses.

We also recommend that a minimum high school grade point average, set in advance and publicized to promote public understanding, be a requirement for receipt of student aid from the commission. In recognition of the irrelevance of high school grades in assessing the potential of older students, we recommend that a minimum high school grade point average not be imposed for applicants who have been out of high school for more than five years. We also recommend a study of the cost of implementing a policy that recent high school graduates who fail to meet the minimum grade point average become eligible for aid from the commission upon completion of the equivalent of a full year of postsecondary work that meets the academic progress standard of the institution they attend.

Other Eligibility Issues

In the past, and without reference to the Uniform Methodology, state policy has declared students dependent upon families above a certain income level to be ineligible for aid. Such a simplistic limit fails to account for the cost of that student's education or the other financial responsibilities, including the education of other children, that a family may face. We recommend the periodic adjustment of such ceilings in current programs and the refinement of such ceilings to reflect more fully each family's ability to pay for the cost of their children's postsecondary education.

Student Aid Commission programs have one of the earliest final application deadlines in the nation. For 1980/81 awards, students have to apply by February 11, 1980. However, many students do not make college decisions this early. As a result, the early deadline impedes student access to state student aid. Further, the early deadline complicates use of current tax information in applying for student aid.
We recommend that the Student Aid Commission work toward a March 1 deadline, pending legislative approval of a new program structure that would make deadline decisions more flexible. (See "New Cal Grant Program" below.)

Current federal and state policies require that a student attend at least half-time in order to qualify for financial aid. In view of the growing number of students who attend on a less than half-time basis, some have suggested that this standard be relaxed. Given the fact that students who attend less than half-time have a greater opportunity to meet college costs through their own earnings, we recommend that state student aid programs remain limited to students who are enrolled at least one-half-time.

In view of the fact that some undergraduate degree programs require five years and that other special circumstances cause students to take more than four years to complete a BA or BS degree, we recommend that eligibility for state aid be extended to a fifth undergraduate year in a restricted manner consistent with current federal regulations.

Some Cal Grant program rules have outlived their usefulness. For example, Cal Grant A helps meet tuition costs while Cal Grant B helps meet both tuition and subsistence costs. State law requires that 51 percent of Cal Grant B awards to to community college students. Students who complete more than sixteen units are ineligible for Cal Grant B. We recommend elimination of these rules.

The major grant programs at the federal and state level are not available to graduate students. California is one of only seven states that provide direct grant assistance to graduate students through small, specialized programs. The state program, the Graduate Fellowship Program, has many more eligible applicants than grants available. An expansion of the program should not occur, however, until better information is available concerning the alternative means now used by graduate students to finance their education. We recommend that the Student Aid Commission study those applicants in the 1979/80 pool who did not receive graduate fellowships, in order to determine whether they were able to begin or continue graduate study at the institutions of their choice, and how they were able to finance their education in the absence of state grant assistance. We also recommend that the Postsecondary Education Commission seek to identify those factors that lead to the continuing dearth of minority and women students in some areas of graduate study.

THE PARTNERSHIP

Federal funds are now recognized as the major source of student aid, but only in the last few years have states begun to accept this situation and make decisions about student aid predicated on the nature of the federal aid programs. In 1975 the Legislature established a simple policy: state student aid funds should supplement, not supplant, federal funds. Where postsecondary institutions participate in the Cal Grant programs but do not participate in the full range of federal programs, state funds supplant available federal aid. Furthermore, in such institutions, students often receive little financial aid counseling and limited financial aid packages. Therefore, we recommend that eligibility for state student aid programs be extended only to those institutions (public or private) that participate in the federal Basic Grant, Supplemental Grant, and at least one of the "self-help" programs (College Work Study and/or National Direct Student Loan).

As noted earlier, the integrity of the financial aid system depends primarily upon having a competent and adequately staffed financial aid office at each participating institution. The need for improved management of financial aid is apparent especially within the community colleges and the private vocational institutions. In the summer of 1979 the Board of Governors of the California Community Colleges approved a series of steps to improve financial aid management including a more vigorous leadership role for the state Chancellor's Office. During 1980 the board should monitor the implementation of its resolution. With regard to the private vocational sector, the Legislature should consider empowering the Office of Private Postsecondary Education of the State Department of Education, to extend its sphere of institutional evaluation to ensure consumer protection and service to students in those private vocational institutions that participate in state student aid programs.

Further, we recommend that chief executive officers at each institution and the governing boards within each public segment review financial aid policies and operations at least every other year.

The complexity and significance of student financial aid policy demands that there be one central forum for policy analysis and debate at the state level. That vital role should be played by the Student Aid Commission. During its history the Student Aid Commission has compiled an admirable record as administrator of major state student financial aid programs. The commission and its professional staff have also provided services to the financial aid community, engaged in research on state student aid programs, and sponsored cooperative efforts among the postsecondary segments and institutions to resolve problems of policy and administration in student aid programs.

We have already recommended a number of steps that should be undertaken by the commission to enhance the effective use of the state's investment in student financial aid. These steps include the development of a student aid packaging data base to provide the foundation for a more equitable use of student aid that is consistent with the maximum feasible levels of student self-help, the study of student budgets and institutional student self-help policies with regular reports to the Legislature, and leadership with respect to the methodology of establishing budgets and self-help expectations. These are not matters of small importance. Student budgets and self-help policies have a direct effect on the cost and fairness of student aid programs. In addition, sensible state policy on financial aid must take account of federal policies. The Student Aid Commission, therefore, should be responsible for assessing changes in federal policies and for recommending needed adaptations in state policies. Further, the commission should be an advocate for California as federal policies are made.

The commission should also be concerned with the proper management of student financial aid in California. In this respect, it should encourage governing boards and institutional leadership to review the adequacy of their financial aid operations, and should be prepared to report to the Legislature concerning the extent and character of such reviews.

We do not intend the commission to serve as a regulator of the segments or individual institutions except where state student aid funds are involved. But neither the state government nor the commission can afford to be ill-informed with regard to the extent, character, and effectiveness of the entire student aid enterprise in California, because both the quality of postsecondary education and the promotion of student opportunity in California depend not only on state aid programs, but on the proper orchestration of all sources of aid.

The Legislature acted wisely when it changed the "State Scholarship and Loan Commission" to the "Student Aid Commission." The commission must attend to the full role that its name implies and be the primary source of policy research and policy advice to the Legislature on student financial aid, inasmuch as such aid affects the lives and educational opportunities of thousands of Californians.

A NEW CAL GRANT PROGRAM

The time is right to establish one major state aid program for undergraduate study that would bear a clear and complementary relationship to federal programs, that would incorporate consistent guidelines for student self-help, and whose availability and ground rules would be stable.

Thus our major recommendation to the Legislature for state policy in financial aid is the consolidation of the two largest programs administered by the Student Aid Commission, Cal Grant A and Cal Grant B. In a consolidated Cal Grant program, it will be possible to

- concentrate state aid funds where student need is demonstrated;
- use state funds to supplement, rather than supplant, federal and private sources of funds;
- encourage maximum student self-help in meeting college costs;
- eliminate dysfunctional rules which now clutter the administration of Cal Grant A and Cal Grant B and, most important, remove the pressure of early application deadlines that work to the disadvantage of many students and families; and

- provide a sensible means for annual legislative review of fundamental policy in student financial aid and the amount of money needed to support the state program.

The new Cal Grant program would operate as follows: Once admitted as an undergraduate to an eligible institution, any student would be eligible if he or she were enrolled at least half-time, had demonstrated need at that institution, had applied within the time period established by the Student Aid Commission, and met criteria established to demonstrate academic potential. The size of the award would be based upon the allowable cost of education, from which would be subtracted student/parent resources, an initial self-help amount, and the estimated federal Basic Grant amount. The remaining amount would be reduced by a certain percentage, which would ensure a "gap" or "corridor" of unmet need to be filled through additional self-help and/or institutionally administered funds. (Under this new procedure, a student awarded state money would still be eligible for other forms of aid, which would ensure that state funds would "supplement rather than supplant" other financial sources.)

Five factors affecting the cost of state programs--budgets, minimum high school grade point average, initial self-help expectations, portion of remaining need to be met by state grants, and size of maximum state grants--would be determined annually by the Student Aid Commission in a formal consultative process with the segments. Annual recommendations for the financial parameters would be based on a study of current financial aid packages and the recommendations of representatives of postsecondary education. These factors would be reviewed by the Postsecondary Education Commission and the Department of Finance in a process identical to that already provided by the Legislature for adjustments in the maximum grant under the existing Cal Grant programs (Chapter 1215, Statutes of 1978).

The Legislature would review these decisions in the annual budget process and then appropriate funds needed to supply state grants. Within these bounds, every eligible student would be assured of state assistance. With such a system, the Student Aid Commission should be able to extend its deadline for application for state aid.

EQUAL EDUCATIONAL OPPORTUNITY

Student financial aid has played a major role in recent progress that has been made in achieving equal opportunity in postsecondary education, particularly among low-income and minority students who meet admission requirements for California colleges and universities. California community college enrollment now adequately reflects the diversity of racial and income groups in the high school population. However, low-income students and students from certain minority groups continue to be underrepresented in baccalaureate degree institutions. Efforts to raise student aspirations, improve academic preparation, and provide information about financial aid and baccalaureate degree opportunities are essential to remedy this underrepresentation. A variety of federal, state, and institutional programs have been initiated to provide these "outreach" services. The magnitude of these efforts should be extended, however, within secondary schools, junior high schools, and community colleges, and better coordination among the various programs is needed.

The State of California has the talent and wealth needed to bring both low-income and minority students more fully into postsecondary education. But, we need a new device to mobilize these resources in a thoughtful and more effective manner.

The following principles must govern future action on the problem of inadequate academic achievement among low-income and minority students:

First, primary responsibility for any new effort must rest in the schools. School personnel, students and families bear ultimate responsibility for the quality of high school graduates; no one else can assume that obligation.

Second, any new effort must draw maximum participation from postsecondary institutions, for much knowledge about motivating and assisting low-income and minority students resides within those institutions. Such institutions also have legitimate interests in improving achievement among those students and can provide a great deal of talented personnel. New effort must, however, encourage cooperation rather than competition among postsecondary institutions.

Third, a new effort must include substantial involvement of expertise outside of educational institutions--including parents, community organizations, retired professionals, and other interested individuals and groups.

Reaching a new level of effectiveness in promoting equal educational opportunity in postsecondary education will not be possible until some group, with the active support of secondary and postsecondary institutions, identifies those school communities where rates of college attendance are lowest, assesses and evaluates existing programs at those schools, works toward the proper utilization and coordination of the current programs, and summons additional energy and commitment (including those of the Legislature and the Governor, if need be) to meet the full problem.

Because the involvement of secondary schools and their communities is essential to a state-wide effort to overcome underrepresentation in postsecondary education, we recommend that the Legislature charge the Superintendent of Public Instruction to convene and chair a task force to identify current needs for outreach programs, mobilize available resources, coordinate programs, and design strategies for expanding the number of low-income and minority students served at the junior high school, secondary, and community college levels. In addition, the task force should work toward improving the rate of community college transfers to baccalaureate institutions among low-income and minority students.

We view the task ahead as being fully as important to the future of California as the challenges faced by the architects of the Master Plan for Higher Education two decades ago. For that reason, the superintendent's task force should include the President of the University of California, the Chancellor of the California State University and Colleges, and the Chancellor of the California Community Colleges. The UC Regents, the CSUC Trustees, and the Community College Board of Governors should also be represented, as should the leaders of independent colleges, the Council on Private Postsecondary Education, the Student Aid Commission and the Postsecondary Education Commission. Given the nature of the problem, we view student participation as vital.

The work of the task force cannot be fully successful, and outreach programs cannot succeed as they should, unless there is knowledgeable and sophisticated participation by civic and minority organizations. Our experience indicates a strong interest on the part of several such groups in helping to develop outreach programs and in ensuring that such programs serve students as well as institutional interests.

Such organizations appear to need additional resources, however, to conduct independent policy research, organize local and regional committees of interested students, parents, and citizens, and to monitor and evaluate state efforts. Therefore, we recommend that charitable foundations assess the need for external support of such groups for these purposes.

APPENDIX D

SUMMARY OF REPORT RECOMMENDATIONS

SUMMARY OF RECOMMENDATIONS

REGARDING THE PURPOSES OF STUDENT AID AND THE PARTNERSHIP:

1. RECOMMEND the Legislature charge the Superintendent of Public Instruction to convene and chair a task force, including the chief executive officers of the three segments of public postsecondary education, to identify current needs for outreach programs, mobilize available resources, coordinate programs, and design strategies for expanding the number of low-income and minority students served at the junior high school, secondary, and community college levels. (Chapter 6, page 115)

2. RECOMMEND charitable foundations provide resources to enable selected civic and minority groups to assist the Superintendent's task force and to participate in implementing outreach programs. (Chapter 6, page 116)

3. RECOMMEND existing state policy to provide assistance to qualified students who desire to enroll in an independent institution should be continued. These policies should be maintained in a way that will give students the opportunity to attend the postsecondary institution which most closely meets their educational needs and will encourage constructive competition between public and independent institutions to promote high quality and diversified educational opportunities. (Chapter 3, page 37)

4. RECOMMEND a new definition of institutional eligibility to participate in state aid programs: Eligibility for state aid programs should be extended only to those institutions (public or private) that participate in the "self-help" programs, namely College Work Study and/or National Direct Student Loan. This new definition would include (1) a grandparent clause for students who currently receive funds in institutions that would no longer be eligible, (2) appropriate exceptions for graduate schools that cannot participate in Supplemental Grant, and (3) an appeal process to consider individual institutional cases. (Chapter 4, page 83)

5. RECOMMEND the Student Aid Commission be the major vehicle for policy research and policy advice concerning student financial aid in California. This role should include responsibilities for creating a data base on student aid packages and the review of student budget and self-help policies as already recommended. Further, the Commission should continually assess federal student aid policies and recommend or implement in state policy as needed, serve as an advocate for California in national policy making forums, and encourage segmental and institutional reviews of student aid management.
(Chapter 4, page 91)

REGARDING IMPROVED DECISION MAKING:

6. RECOMMEND the Student Aid Commission develop a "packaging data" base for all California segments.
(Chapter 2, page 19)

7. RECOMMEND the Student Aid Commission undertake studies of the adequacy of student aid resources including, but not limited to, the following indicators: percent of eligible applicants who receive aid; mix of grant, work and loan; proportion of students from low-, middle-, and high-income backgrounds in each segment; utilization rates; and aggregate need.
(Chapter 2, page 21-24)

8. RECOMMEND the Student Aid Commission, in cooperation with the Office of Private Postsecondary Education, take whatever action is feasible to achieve equal evaluation of the private vocational sector in student aid research conducted by the commission.
(Chapter 3, page 39)

REGARDING THE STRUCTURE OF STATE ASSISTANCE:

9. RECOMMEND a reversal of the trend toward the creation of narrowly restricted programs.
(Chapter 3, page 30)

10. RECOMMEND decisions concerning the size and nature of the Cal Grant C program be deferred until the mandate of AB 576, Chapter 1011, 1979 (which requires a task group to study youth employment and vocational education) is fulfilled.
(Chapter 3, page 39)

11. RECOMMEND a new Cal Grant program be established by the consolidation of at least Cal Grants A and B into one major state aid program for undergraduate study. A program is recommended that would bear a clear and complementary relationship to federal programs, would incorporate consistent guidelines for student self-help, and whose availability and ground rules would be stable.
(Chapter 5, page 97)

12. RECOMMEND the Student Aid Commission continue to study a proposal to deliver state student assistance through utilization of the federal Basic Grant delivery system and report to the Legislature on the feasibility of this proposal.
(Chapter 5, page 94)

13. RECOMMEND that during Legislative consideration of our proposal for a new Cal Grant program, the Student Aid Commission conduct further study, including simulation of impact on the 1980/81 applicant pool, estimates of the potential applicant pool, simulations of various methods of determining award amount, cost estimate of the new program, and review of federal program and policy changes.
(Chapter 5, page 102-103)

REGARDING THE EQUITY AND INTEGRITY OF STUDENT ASSISTANCE:

14. RECOMMEND regarding student expense budgets, that the Student Aid Commission (1) continue to support actively the voluntary efforts to bring consistency to student decisions, (2) in a formal consultative process with the segments, work toward a common methodology for budget construction, (3) review institutional student expense budgets to promote equity and consistency among institutions and report institutional student expense budgets annually to the Legislature with comments relating to equity and consistency.
(Chapter 3, page 49-50)

15. RECOMMEND regarding self-help policies, that (1) the combination of federal, state, and other grant assistance should not meet the full costs of an individual student, thereby leaving a gap to be filled with reasonable self-help (although institutional officials should be free to meet this gap with grant assistance in special circumstances); (2) The initial amounts of

expected self-help should be uniform statewide, for public and private institutions, (for aid packages that include state funds). These amounts, determined in a formal consultative process with the segments, should vary by category of student, income background, and other appropriate considerations, and again, institutional officials should remain free to adjust these amounts to meet special circumstances; and (3) the Student Aid Commission should review institutional self-help policies and report them annually to the Legislature with comments relating to equity and consistency.
(Chapter 3, page 55-56)

16. RECOMMEND the Student Aid Commission undertake efforts to insure that the sensitivity, currency, flexibility, and accountability of eligibility analysis is not lessened by the planned merger of the Basic Grant and Uniform Methodology analysis systems.
(Chapter 3, page 57)

17. RECOMMEND the Student Aid Commission and the Postsecondary Education Commission support national efforts to assess home equity more fairly in both Basic Grant and Uniform Methodology analysis systems.
(Chapter 3, page 58)

18. RECOMMEND the Student Aid Commission, in a formal consultative process with the segments, develop guidelines for basic documentation and verification of information in student files.
(Chapter 3, page 41)

19. RECOMMEND no change in the state definition of a self-supporting student, pending study by the Student Aid Commission of the effects of the state adopting the federal definition. Recommend that the Student Aid Commission research the effect of such a change on the 1980/81 applicant pool.
(Chapter 3, page 44)

20. RECOMMEND the state continue to use merit standards to screen for academic potential in Student Aid Commission programs. A minimum grade point average in high school course work (as a cut-off rather than a ranking device), is recommended in conjunction with a more accessible program structure.
(Chapter 3, page 66)

21. RECOMMEND grade point average not be considered for students who have been out of school for more than five years. (Chapter 3, page 66)

22. RECOMMEND the Student Aid Commission consider a policy whereby recent high school graduates who fail to meet minimum standards may become eligible upon completion of a full year of postsecondary course work that meets the academic progress requirements of the individual institution. (Chapter 3, page 66)

23. RECOMMEND regarding satisfactory academic progress, that the continuation of state benefits be administered by the campuses using the same institutional policies that govern continued receipt of federal and campus benefits. (Chapter 3, page 66)

24. RECOMMEND the elimination of supplemental questionnaires in Cal Grant B and C in conjunction with a more accessible program structure that reaffirms California's commitment to access for the lowest-income students. (Chapter 3, page 68)

25. RECOMMEND the periodic adjustment of income ceilings in current programs, and the refinement of such ceilings to reflect more fully the capacity of each family's ability to pay for the cost of their children's postsecondary education.

26. RECOMMEND the Student Aid Commission work toward a March 1 application deadline for its programs pending design and approval of a new Cal Grant program that makes deadline decisions more flexible. (Chapter 3, page 71)

27. RECOMMEND elimination of both the sixteen unit requirement and the 51 percent requirement in Cal Grant B. (Chapter 3, page 71)

28. RECOMMEND state aid programs remain limited to students who are enrolled at least half-time. (Chapter 3, page 73)

29. RECOMMEND state aid programs adopt provisions similar to current federal Supplemental Grant statutes (Title IV, Federal Education Laws) which limit aid to four years except in the case of a student who (1) is pursuing a course

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